

# Funding for the Fiscal Year 2010 Surface Transportation Program

Nebraska's Surface Transportation Program is financed by three major funding sources—state, federal, and local funds.

## State Funds

Historically, Nebraska has been a “pay-as-you-go” state using the traditional revenue sources to fund the needs of the State Highway System. State funds are derived from three primary highway user revenue sources: (1) fuel taxes {gasoline, gasohol, and diesel}, (2) sales taxes on new and used motor vehicles, trailers, and semi-trailers, and (3) motor vehicle registration fees.

Fuel taxes comprise about 68% of state revenues, sales taxes generate about 20%, registration fees make up about 9% and the remaining 3% are derived from various miscellaneous revenue sources.

The FY-2010 State Highway System program is based on a Highway Cash Fund appropriation of \$368 million. Approximately \$169 million of the total revenue is available for the state highway construction program. The remaining \$199 million is set aside for routine highway maintenance, administration, supportive services, carrier enforcement, transit, rail, and construction overhead. Also, about \$8.1 million of state Recreation Road, Grade Crossing, and State-aid Bridge funds are available for projects both on and off the State Highway System.

## Federal Funds

Federal funds are derived from highway user revenues paid to the Federal Highway Trust Fund. These revenues are returned to the states based on a reimbursement process, whereby the states utilize their funds first, then bill the federal government for reimbursement. The majority of federal revenues, approximately 90%, come from gasoline and diesel fuel taxes. Approximately 10% of federal revenues are derived from heavy vehicle sales and use fees and heavy tire taxes.

Historically, federal funds are based on a multi-year transportation act enacted by Congress. Then, each year Congress establishes funding levels through the annual appropriation process. The Federal Highway Administration distributes the funds by means of formula allocations as established by law.

The current transportation act, referred to as SAFETEA-LU, provided funding for federal fiscal years 2005 through 2009, but the act expires on September 30, 2009. Consequently, our FY-10 Surface Transportation Program is based on the assumption that federal highway funding for FY-10 will be sustained at the FY-09 level. Several issues must be addressed by Congress to secure federal funding for FY-10 and beyond: (1) maintaining solvency of the Federal Highway Trust Fund, (2) an \$8.7 billion rescission currently contained in SAFETEA-LU, and (3) passage by Congress of a new multi-year transportation act, or congressional passage of continuing resolutions until a new act can be approved.

Also, the FY-10 Program contains federal stimulus funds provided by Congress and the President, through passage of the American Recovery and Reinvestment Act (ARRA) of 2009. It is highly likely this funding is not sustainable and will be available only through the period covered in Public Law 111-5.

All federal highway funding made available to Nebraska is shared between the State, cities and counties, inclusive of the stimulus (ARRA) funds. Approximately 74% of the core federal highway funds are used on the State Highway System and about 26% are used on the Local System for county roads and city streets.

## Local Funds

Local funds are comprised of state highway user fees allocated by formula to the cities and counties from the State Highway Allocation Fund, approximately \$188 million.

# Fiscal Year 2010 Surface Transportation Program

<b>Funding (millions)</b>	
<b>State System</b>	
State	\$ 169.000
Federal	148.513
Other	7.472
<b>Subtotal</b>	<b>324.985</b>
ARRA	161.695
<b>Total State Program</b>	<b>\$ 486.680</b>
<b>Local System</b>	
Federal	\$ 60.270
Highway Allocation Fund	188.030
Recreation Road & State-aid Bridge	4.468
<b>Subtotal</b>	<b>\$ 252.768</b>
ARRA	73.893
<b>Total Local Program</b>	<b>\$ 326.661</b>
<b>GRAND TOTAL</b>	<b>\$ 813.341</b>

## State System:

The FY-2010 State Highway System construction program is \$478.2 million and includes 152 new projects which total \$391.3 million. Additionally, \$7.0 million for statewide planning and \$1.5 million for research are also programmed.

## Local System:

The local system program will include those projects selected by the cities and counties for FY-2010 as determined through the local planning and programming processes.

The local system program includes highway user fee revenues available from the federal Highway Trust Fund, state Highway Allocation Fund and state Recreation Road and State-aid Bridge funds for a total of \$326.7 million